



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

December 7, 1988

Mr. Ron McFadden
Vice President of Finance
Interpace Industries
Woodinville, Washington 98072

Dear Mr. McFadden:

Re: Bonding Arrangements, Clinton Pit, M/049/006, Utah County, Utah
and Pleasant View Pit, M/057/003, Weber and Box Elder Counties,
Utah

Today, you spoke with Scott Johnson concerning the bonding arrangements you are proposing for the above referenced mine sites. You indicated the following escrow schedule:

December	1988	25,000	Letter of Credit
December	1989	50,000	Letter of Credit (increase of 25,000)
December	1990	75,000	Letter of Credit (increase of 25,000)
December	1991	100,000	Letter of Credit (increase of 25,000)
December	1992	118,100	Letter of Credit (increase of 18,100)

In a letter dated May 17, 1988, I indicated a possibility of an escrow option to you. The Board of Oil, Gas and Mining has not approved escrow arrangements for minerals reclamation bonds to date, and my offer of an escrow arrangement is subject to Board approval.

I would be willing to propose the following schedule to the Board upon receipt of the December, 1988, \$25,000 Letter of Credit.

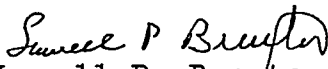
December	1988	25,000	Letter of Credit
June	1989	50,000	Letter of Credit (increase of 25,000)
December	1989	75,000	Letter of Credit (increase of 25,000)
June	1990	100,000	Letter of Credit (increase of 25,000)
December	1990	118,100	Letter of Credit (increase of 18,100)

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This arrangement will allow your operations to be fully bonded in two years, which may be acceptable to the Board. In the meantime, reclamation of the existing disturbance will lower this amount.

Copies of the Division's Collateral Bonding and Indemnity Agreement are enclosed. Please contact me or Scott Johnson if this schedule presents a problem. Thank you for your cooperation.

Sincerely,


Lowell P. Braxton
Administrator
Mineral Resource Development
and Reclamation Program

jb
Enclosures
cc: Scott Johnson
MN18/43-44